

mittee of not less than three (3) members. However, in Credit Unions whose business offices are located in places other than incorporated cities, the board of directors may also be the credit committee. Except as herein specified, no member of the board of directors shall be a member of the credit committee or of the supervisory committee, hereinafter provided, nor shall one person be a member of more than one such committee. All members of committees and all directors, as well as all officers whom they may elect, shall be sworn, and shall hold their several offices for such terms as may be determined by the bylaws. The board of directors may appoint a membership committee or membership officer from the members of the Credit Union, other than the treasurer, and assistant treasurers, or a loan officer, and authorize such membership committee or membership officer to approve applications for membership under such conditions as the board may prescribe, except that such membership committee or membership officer so authorized shall submit to the board at each monthly meeting a list of approved or pending applications for membership received since the previous monthly meeting, together with such other related information as the bylaws or board may require."

Sec. 20. Subsection (b) of 54-102 Volume 2B (Replacement, 1960) is hereby amended by adding a new paragraph to said subsection which shall be designated as paragraph "(7)", and which shall read as follows:

"(7) The board of directors at its first meeting after its election shall appoint a supervisory committee, (no more than one of whom may be a member of the board of directors and none a member of the credit committee), of not less than three members who shall serve for such terms as may be fixed by the bylaws. The board of directors may remove or suspend any member of the supervisory committee for neglect of duty, misfeasance, malfeasance, official misconduct, or for other good cause shown."

Sec. 21. G. S. 54-104 Volume 2B (Replacement, 1960) is hereby deleted in its entirety and the following inserted in lieu thereof:

"Sec. 54-104. Duties of Supervisory Committee. The supervisory committee shall examine the securities, cash and accounts of the corporation, and evaluate the acts of the board of directors, credit committee, and employees at least quarterly. Any violation of this subchapter or of the bylaws or any practice of the corporation which, in the opinion of the said committee, is unsafe, unsound, or unauthorized shall be reported to the board of directors and Administrator of Credit Unions within seven days after its discovery.

"At least once during each fiscal year the supervisory committee shall make, or cause to be made, a thorough audit of the receipts, disbursements, income, assets, and liabilities of the corporation, which shall include verification of members' accounts, and shall make a full report thereon to the directors; and a copy shall be sent to the Administrator of Credit Unions. This report shall be read at the annual meeting of the members and shall be filed and preserved with the records of the corporation."

Sec. 22. Amend G. S. 54-105 Volume 2B (Replacement, 1960) by adding at the end of said Section the following: "The Administrator of Credit Unions may prescribe rules and regulations for the administration of this